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Vincent J. Firth, and Robert W. Shimer

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

COMMODITY FUTURES TRADING	:	
COMMISSION,	:	
	:	
Plaintiff,	:	CIVIL ACTION NO.: 04-1512
	:	
vs.	:	
	:	
EQUITY FINANCIAL GROUP LLC,	:	
TECH TRADERS, INC., VINCENT J.	:	ANSWER
FIRTH, AND ROBERT W. SHIMER,	:	
	:	
Defendants.	:	

Defendants Equity Financial Group LLC (“Equity”), Vincent J. Firth and Robert W. Shimer, by their attorneys Witman, Stadtmauer & Michaels, P.A. and Menaker & Herrmann LLP, for their answer to the complaint of plaintiff Commodity Futures Trading Commission, allege as follows:

1. Deny the allegations contained in paragraph 1.c and the second sentence of paragraph 1.f of the complaint, and admit the allegations contained in paragraphs 1.a, 1.b, 1.d, 1.e, and the first sentence of paragraph 1.f of the complaint, except deny having knowledge or information sufficient to form a belief as to the state of incorporation of defendant Tech Traders, Inc.

2. Deny the allegations contained in paragraph 2 of the complaint, except admit that Equity and Firth have solicited at least \$5.7 million from at least 29 investors for participation interests in Shasta.

3. Deny the allegations contained in the first sentence of paragraph 3 of the complaint, and deny having knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in said paragraph.

4. Deny the allegations contained in paragraph 4 of the complaint.

5. Deny the allegations contained in paragraph 5 of the complaint.

6. Deny the allegations contained in paragraph 6 of the complaint, except deny having knowledge or information sufficient to form a belief as to the truth of the allegations contained in the penultimate sentence of said paragraph.

7. Deny the allegations contained in paragraph 7 of the complaint.

8. Paragraph 8 of the complaint is a statement of plaintiff's goals in this proceeding which does not lend itself to admission or denial. To the extent said paragraph contains allegations of fact as to these answering defendants, said allegations are denied.

9. In response to paragraph 9 of the complaint, admit the subject matter jurisdiction of this Court, respectfully refer the Court to the text of the Commodity Exchange Act ("Act") for its terms, and to the extent said paragraph contains allegations of fact as to these answering defendants, deny said allegations.

10. Deny the allegations contained in paragraph 10 of the complaint, except admit and aver that defendants Equity and Firth reside in this District.

11. In response to paragraph 11 of the complaint, respectfully refer the Court to the text of the cited regulation for its terms.

12. In response to paragraph 12 of the complaint, respectfully refer the Court to the text of the cited section of the Act for its terms.

13. In response to paragraph 13 of the complaint, respectfully refer the Court to the text of the cited regulation for its terms.

14. In response to paragraph 14 of the complaint, respectfully refer the Court to the text of the cited section of the Act for its terms.

15. In response to paragraph 15 of the complaint, respectfully refer the Court to the text of the cited section of the Act for its terms.

16. In response to paragraph 16 of the complaint, respectfully refer the Court to section 1.3(aa) of the regulations of the Commodity Futures Trading Commission for the relevant legal definition of an “associated person”.

17. In response to paragraph 17 of the complaint, respectfully refer the Court to the text of the cited regulation for its terms.

18. Deny the allegations contained in paragraph 18 of the complaint, and respectfully refer the Court to the text of the Private Placement Memorandum (“PPM”) for its terms.

19. Deny the allegations contained in paragraph 19 of the complaint, except admit that Equity has never been registered with the Commission or filed an exemption from registration.

20. Deny the allegations contained in the first sentence of paragraph 20 of the complaint, admit on information and belief the allegations contained in the second and third sentences of said

paragraph, and deny having knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in said paragraph.

21. Deny the allegations contained in the first sentence of the first paragraph numbered 21 of the complaint and admit the remaining allegations of said paragraph.

SECOND PARAGRAPH NUMBERED 21. Admit the allegations contained in the second paragraph numbered 21 of the complaint, except deny that Equity is a CPO.

22. Deny the allegations contained in the first and second sentences of paragraph 23 of the complaint and admit the allegations contained in the third sentence of said paragraph.

23. Deny the allegations contained in paragraph 24 of the complaint, and respectfully refer the Court to the text of the PPM for its terms.

24. Deny the allegations contained in paragraph 25 of the complaint, except admit that Shasta's web site reported returns for the Synergetic-Portfolio Trading System totaling over 130% for the period March 2003 to February 2004.

25. Deny having knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of paragraph 26 of the complaint, except admit that the web site www.hedgeco.net featured Shasta as its hedge fund of the week during the week of March 14, 2004, and admit the allegations contained in the second and third sentences of said paragraph.

26. Deny the allegations contained in the first and fourth sentences of paragraph 27 of the complaint, except admit that the amount of money invested in Shasta continued to increase after October 2003, and admit the allegations contained in the second and third sentences of said paragraph.

27. Deny the allegations contained in the first sentence of paragraph 28 of the complaint, and admit that between January 2002 and February 2004 Shimer accepted deposits totaling over \$13.4

million.

28. Deny the allegations contained in the first sentence of paragraph 29 of the complaint, except admit and aver that Shimer caused all but one percent (1%) of funds received from Shasta investors to be transferred to Tech Traders on behalf of Shasta, and admit the allegations contained in the second sentence of said paragraph.

29. Deny the allegations contained in the first sentence of paragraph 30 of the complaint, except admit that Tech Traders held Shasta's funds in a bank account in its own name, admit on information and belief the allegations contained in the second and third sentences of said paragraph, and deny having knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in said paragraph.

30. Deny the allegations contained in paragraph 31 of the complaint, except admit and aver that Tech Traders knew that the funds received from Shasta were comprised of funds invested by third parties.

31. Admit the allegations contained in the second sentence of paragraph 32 of the complaint, and in response to the remaining allegations of said paragraph respectfully refer the Court to the text of the PPM for its terms.

32. Admit the allegations contained in the third sentence of paragraph 33 of the complaint, deny the remaining allegations contained in said paragraph, and respectfully refer the Court to the text of the PPM for its terms.

33. Deny the allegations contained in paragraph 34 of the complaint, except admit and aver that Firth filed for Chapter 7 bankruptcy in 1992, that he and his wife Patricia filed for Chapter 13 bankruptcy in 2000, and that (without his knowledge) a petition for Chapter 13 bankruptcy was filed (and promptly withdrawn) on behalf of Firth and his wife in 2003, that the PPM does not set forth

these facts, and that Firth's Series 7 registration was not active at the time the PPM was issued, and respectfully refer the Court to the text of the PPM for its terms.

34. Deny the allegations contained in paragraph 35 of the complaint, and respectfully refer the Court to the text of the PPM for its terms.

35. Deny having knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 36 of the complaint.

36. Paragraphs 1 through 36 of this answer are re-alleged and incorporated in response to paragraph 37 of the complaint.

37. In response to paragraph 38 of the complaint, respectfully refer the Court to the text of the cited section of the Act for its terms.

38. Deny the allegations contained in paragraph 39 of the complaint.

39. Deny the allegations contained in paragraph 40 of the complaint.

40. Deny the allegations contained in paragraph 41 of the complaint.

41. Deny the allegations contained in paragraph 42 of the complaint.

42. Paragraphs 1 through 36 of this answer are re-alleged and incorporated in response to paragraph 43 of the complaint.

43. Deny the allegations contained in paragraph 44 of the complaint.

44. Deny the allegations contained in paragraph 45 of the complaint.

45. Deny the allegations contained in paragraph 46 of the complaint.

46. Deny the allegations contained in paragraph 47 of the complaint.

47. Deny the allegations contained in paragraph 48 of the complaint.

48. Paragraphs 1 through 36 of this answer are re-alleged and incorporated in response to paragraph 49 of the complaint.

49. Deny the allegations contained in paragraph 50 of the complaint.

50. Deny the allegations contained in paragraph 51 of the complaint.

51. Deny the allegations contained in paragraph 52 of the complaint.

52. Deny the allegations contained in paragraph 53 of the complaint.

53. Deny the allegations contained in paragraph 54 of the complaint.

54. Deny the allegations contained in paragraph 55 of the complaint.

55. Paragraphs 1 through 36 of this answer are re-alleged and incorporated in response to paragraph 56 of the complaint.

56. Deny the allegations contained in paragraph 57 of the complaint.

57. Deny the allegations contained in paragraph 58 of the complaint.

58. Paragraphs 1 through 36 of this answer are re-alleged and incorporated in response to paragraph 59 of the complaint.

59. In response to paragraph 60 of the complaint, respectfully refer the Court to the text of the cited regulation for its terms.

60. Deny the allegations contained in paragraph 61 of the complaint.

61. Deny the allegations contained in paragraph 62 of the complaint.

62. Deny the allegations contained in paragraph 63 of the complaint except admit that Shimer drafted the PPM and respectfully refer the Court to the text of the PPM for its terms.

63. Deny the allegations contained in paragraph 64 of the complaint.

WHEREFORE Defendants Equity Financial Group LLC, Vincent J. Firth, and Robert W. Shimer respectfully request judgment in their favor dismissing the complaint and granting them such other and further relief as this Court may deem just and proper.

Dated: New York, New York
May 7, 2004

Yours, etc.

WITMAN, STADTMAUER & MICHAELS, P.A.

s/Lewis Cohn (LC-0979)
Attorneys for Defendants
Equity Financial Group LLC,
Vincent J. Firth, and Robert W. Shimer
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Florham Park, New Jersey 07932
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LOCAL RULE 11.2 CERTIFICATION

The matter in controversy is not the subject of any other action pending in any other court or any pending arbitration or administrative proceeding.

Dated: Florham Park, New Jersey
May 7, 2004

WITMAN, STADTMAUER & MICHAELS, P.A.

Attorneys for defendants Equity Financial Group LLP
Vincent J. Firth, and Robert W. Shimer

By: ___s/Lewis Cohn (LC-0979)_____